

SECTION III

COURT PROFILE



SECTION III A - DISTRICT PROFILE

The Central District of California is the largest Bankruptcy Court in the United States. Presently, the District holds court in Los Angeles, Riverside, Santa Ana, Santa Barbara, and the San Fernando Valley.

The Central District of California covers approximately 40,000 square miles and stretches from the Central Coast area of the state eastward to the Nevada and Arizona borders. The Court has jurisdiction in a seven-county region, composed of Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, Ventura, and San Luis Obispo Counties.

The Central District is part of the Ninth Circuit, which encompasses the federal courts of nine states: Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington. The Ninth Circuit also extends appellate services to the Territory of Guam and to the Commonwealth of the Northern Mariana Islands. The Ninth Circuit is the largest of the 12 federal circuits in size, population, number of federal judges, and volume of litigation. It includes 15 federal district courts, 13 bankruptcy courts, and a court of appeals.

A Brief History of the Bankruptcy Court in California

The first system of federal courts west of the Rocky Mountains was created with the establishment of the Ninth Circuit in 1850. Some milestones are listed below.

- 1850** The State of California was admitted to the Union.
- 1850** The Southern and Northern Districts of California were created.
- 1898** The 1898 Bankruptcy Act created the “courts of bankruptcy.”
- 1900** The Southern District introduced a divisional office structure. The Los Angeles district office was designated the Southern Division.
- 1929** A divisional bankruptcy office was opened in San Diego.
- 1957** A divisional bankruptcy office was opened in San Bernardino.
- 1959** A divisional bankruptcy office was opened in Santa Ana.
- 1966** California was re-divided into four judicial districts—Northern, Eastern, Central, and Southern. The Los Angeles District Office becomes the Central District with jurisdiction from San Luis Obispo County to San Bernardino County.
- 1979** The Bankruptcy Reform Act of 1978 enacted.
- 1984** The Bankruptcy Amendments and Federal Judgeship Act of 1984 enacted.
- 1992** A divisional bankruptcy office was opened in Santa Barbara.
- 1994** Bankruptcy Reform Act of 1994 enacted.
- 1996** A divisional bankruptcy office was opened in the San Fernando Valley.
- 1997** The San Bernardino Division becomes the Riverside Division by relocating to a new courthouse in Riverside.

SECTION III B - POPULATION SERVED

The population in the Central District is estimated to be more than 16.5 million people and represents approximately one-half of California's population of more than 33 million. Two of the five most populous counties in the United States (Los Angeles and Orange), based on the 1990 Census, lie within the Central District.

The following chart details the change in population in the Central District from January 1988 through January 1998 compared to the change in case filings for the similar period of December 1988 through December 1998.

Estimated Change in Population and Bankruptcy Filings: 1988 vs. 1998

CENTRAL DISTRICT of CALIFORNIA COUNTIES	Population Estimates*			Bankruptcy Filings		
	1988	1998	% Chg	1988	1998	% Chg
Los Angeles	8,585,300	9,603,300	11.9%	26,157	76,879	194.0%
Ventura	635,900	730,800	14.9%			
Santa Barbara	353,000	405,500	14.9%			
San Luis Obispo	198,900	239,000	20.2%			
Orange	2,292,300	2,722,300	18.8%	6,138	16,479	168.5%
Riverside	983,800	1,441,200	46.5%	7,370	26,705	262.4%
San Bernardino	1,229,300	1,621,900	31.9%			
District Total	14,278,500	16,764,000	17.4%	39,665	120,063	203.0%

*Population estimates compiled by the State of California, Department of Finance, Demographic Research Unit.

SECTION III C - PERSONNEL

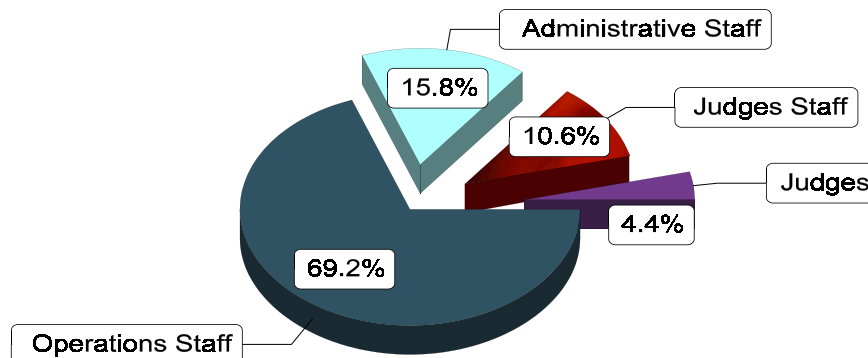
On December 31, 1998, the total number of Full-Time Equivalent employees on the payroll, including judges, judges' staff, and the Clerk's Office, was 480.5. This represents a 3.2% increase over 1997.

The functional allocation of personnel in the Central District may be seen in the pie chart below. The majority of staff (69%) work in the operational areas of the Clerk's Office. These areas include Intake, Records, Case Initiation, and Case Administration. Nearly 16% of the staff perform administrative functions. Staff performing these functions include the Executive Office, Court Resources, Communications, Analysis & Information, Quality Assurance/Training, Financial Services, Information Technology, Office Services, and Space and Facilities. The judges' staff, which comprises 10.6% of the total, includes law clerks and judicial assistants.

The majority of employees work in Los Angeles (52%), followed by Riverside (16%), Santa Ana (15%), the San Fernando Valley (12%), and the Northern Division (5%). The table on the next page details the staffing level in the Central District.

Bankruptcy Personnel

As of December 31, 1998



Staffing Level in the Central District on December 31, 1998					
Location	Judges	Judge's Staff	Clerk's Office	Total	%
Los Angeles - Admin Staff			76.0	76.0	16%
Los Angeles - Operations	10	24.8	139.5	174.3	36%
Riverside	3	8.8	67.0	78.8	16%
Santa Ana	4	8.8	57.0	69.8	15%
Northern	1	2.0	21.0	24.0	5%
San Fernando Valley	3	6.6	48.0	57.6	12%
District Total	21	51.0	408.5	480.5	100%

SECTION III D - OPERATING BUDGET

As part of the budget process, an analysis of the historical expenditure rate over the past three years is conducted to determine a budget level necessary to maintain court operations. Any special one-time projects that require additional funds are also identified and transmitted to the Administrative Office for its planning needs and to determine the budget allotment for the Court.

At the beginning of every fiscal year, the court develops a spending plan to implement those items outlined in the budget call. The plan is an extensive breakdown of the Court's operations by project and cost account, including the status of expenditures to date and potential additional funding. The plan is an internal budget tool that allows the Court to prioritize projects and monitor expenditures. This is particularly important in fiscal years when the budget allotment does not fully meet our requirements.

Internal and external events influence the Court's spending plans. For example, the scope of projects may change over the course of their implementation; natural events, such as earthquakes and floods, may raise new priorities; or a changing political environment may result in additional regulations and legal obligations. Therefore, the plan must be adaptable and flexible enough to meet these challenges.

In fiscal year (FY) 1998, the Bankruptcy Court for the Central District of California received \$22,935,830 as its share of the funds appropriated by the United States Congress for the Judiciary for operations. This represents an increase of 13.6% from the FY1997 amount of \$20,183,157. Of this amount, \$18,957,774 (82.7%) was allotted for personnel salaries; \$2,394,841 (10.4%) for non-automation accounts, including maintenance, supplies, printing, utilities, and travel; and \$1,583,215 (6.9%) for automation supplies and equipment.

SECTION III E - RECEIPTS

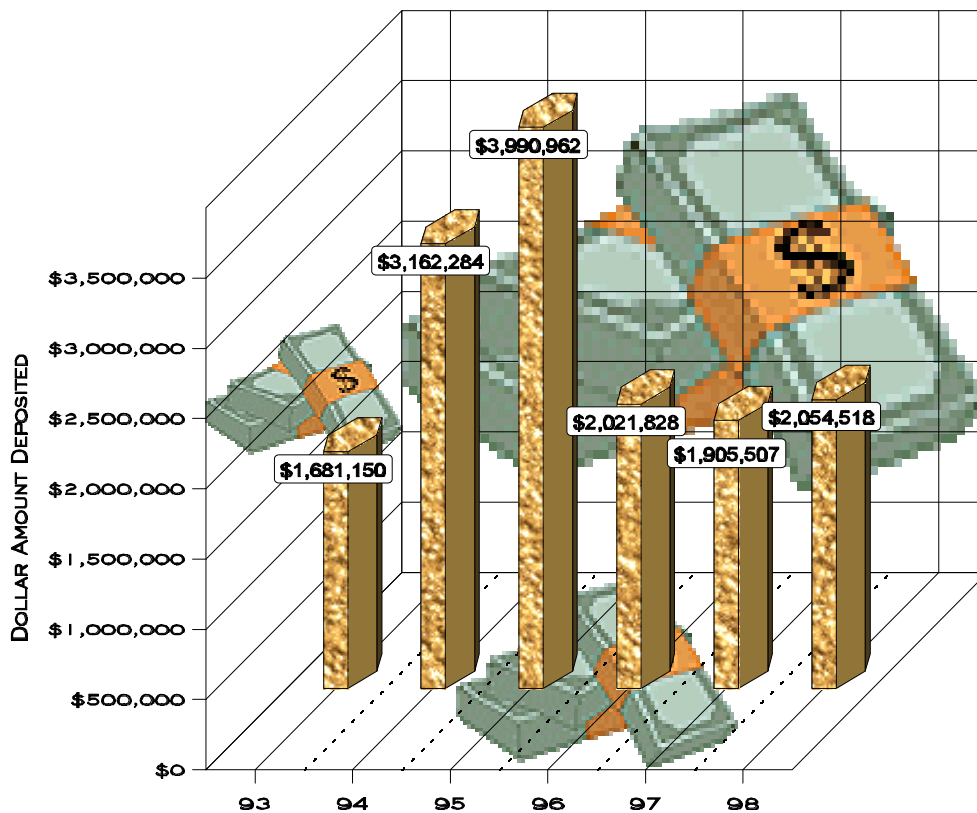
In fiscal year (FY) 1998, the Court collected \$27,343,161 in fees, compared with \$26,769,631 in FY97 and \$22,598,915 in FY96. The Court collects fees in thirteen fund areas including filing fees, fees for bankruptcy notices, unclaimed funds fees, copy fees, and fees for other services rendered. The overall amount of money collected in FY98 increased 2.1%. The increase in fees collected during FY98 was less than the 18.5% increase from FY96 to FY97, which was the result of an increase in filing fees. The table below compares the dollars collected in the seven largest funds between FY96 and FY98.

Dollars Collected in the Seven Largest Funds: FY96 - FY98				
FUND NAME	FY96	FY97	FY98	% Change FY97 vs. FY98
Funds Associated with Filing Fees				
Filing Fees (086900)	\$3,375,536	\$3,697,647	\$3,771,453	2.0%
Fees for Bankruptcy Notices (092037)	\$3,148,044	\$3,415,239	\$3,579,561	4.8%
Fees for Bankruptcy Oversight (507310 and 5073XX)	\$3,258,836	\$3,811,558	\$3,858,295	1.2%
Bankruptcy Escrow Account (6855TT)	\$4,812,744	\$5,823,137	\$6,071,312	4.3%
Fees for Judicial Services (510000)	\$5,916,290	\$6,905,432	\$7,382,941	6.9%
Payment of Unclaimed Monies (6047BK)	\$1,617,416	\$2,466,075	\$2,054,518	-16.7%
Remaining Funds	\$470,049	\$650,543	\$625,081	-3.9%
TOTAL	\$22,598,915	\$26,769,631	\$27,343,161	2.1%

SECTION III F - UNCLAIMED FUNDS

An unclaimed fund results when an asset case is closed and the trustee is unable to locate a claimant at the time of asset distribution. By reducing the average life of our cases in recent years, the Court has been able to reduce the amount of unclaimed funds that are deposited with the Court, as claimants are easier to locate within a shorter time frame.

**Unclaimed Funds Deposited
Central District of California: 1993-1998**

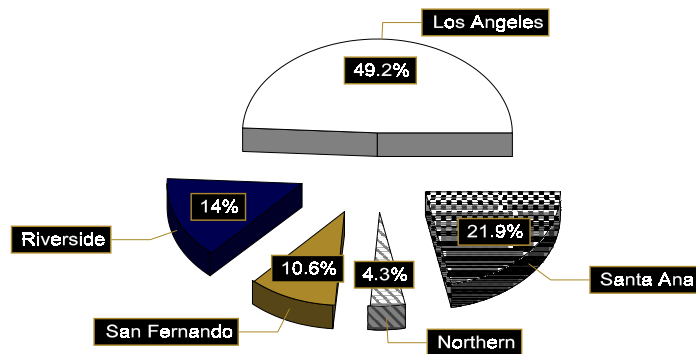


SECTION III G - SPACE AND FACILITIES

The Bankruptcy Court rents approximately 459,064 square feet of space from the General Services Administration (GSA). (GSA is the landlord for all government owned and leased space.) GSA's responsibilities include rent negotiations, lease awards, tenant improvements and alterations, and daily maintenance. The graphs to the right show the square footage of space rented for each division and how that space is allocated for courtrooms, judges' chambers, office space, conference and training rooms, and miscellaneous space (which includes restrooms, hallways, and storage space). Rents are paid by the Administrative Office of the United States Courts and are not included in the Court's operating budget.

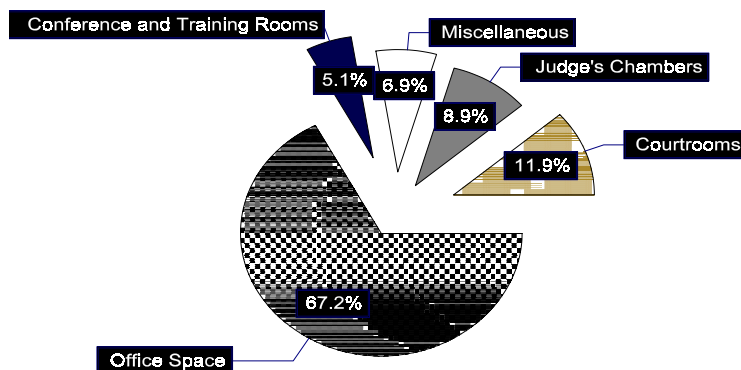
Square Footage By Division

Central District of California



Facilities Make-Up*

Central District of California



*Santa Ana Division space figures are based on the new Ronald Reagan Federal Building and United States Courthouse.

SECTION III H - ORGANIZATIONAL STRUCTURE

Board of Judges

The Board of Judges consists of all the bankruptcy judges in the Central District. The purpose of the Board of Judges is outlined in the Court Governance Plan and includes overall administrative policies for the Court.

Chief Judge

Currently, the term of the Chief Judge is three years with two consecutive terms allowed. The Chief Judge has many diverse duties that include:

- ! Monitoring the management of each judge's assigned cases
- ! Monitoring the case management system, identifying problems, and initiating change
- ! Serving as spokesperson for the Court
- ! Calling regular meetings of all the judges
- ! Creating judicial committees

Office of the Executive Officer/Clerk

The Clerk of the Bankruptcy Court is appointed by the bankruptcy judges in the Central District and serves an indefinite term. The Clerk has many diverse duties that include:

- ! Directing all aspects of the Clerk's Office, including the development of policies and procedures
- ! Formulating and executing the Court's budget
- ! Providing case administration support
- ! Managing space, facilities, automation, and other resources of the Court
- ! Recruiting, hiring, and discharging personnel in the Clerk's Office

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- ! Advising the Board of Judges and the Chief Judge on administrative and policy matters
 - ! Acting as the Clerk's Office liaison with civic, community, and professional organizations

The Clerk's Office is organized into three divisions: Operations, Court Resources, and Administration.

Operations

In each of the five divisions, Operations is responsible for the day-to-day management activities of the Clerk's Office and support for judge's hearings. Operations handles: the acceptance of case filings and subsequent documents; docketing of cases; tracking of cases; sending notices; responding to inquiries from the public; retrieving and archiving case files, as well as interfiling documents into them; calendaring hearings; electronic recording of hearings; support of courtroom activities, including video conferenced hearings; support for the general management of the Court's caseload; and closure of cases. Under Operations, but performing administrative functions in support of all the divisions, are the Analysis & Information Department and the Quality Assurance/Training Department.

! Analysis & Information

Analysis & Information performs a wide range of administrative tasks. Some of these tasks include: developing and assessing procedures, operating methods, and work flow; making recommendations for improvements to existing procedures; establishing performance standards and monitoring performance; compiling statistical information regarding filings, closings and case management; and providing information to the public. Analysis & Information also prepares a wide variety of reports, as well as a wide range of public and internal documents.

! Quality Assurance/Training

The Quality Assurance/Training Department analyzes data and makes recommendations for improving quality control, conducts training in selected areas, and coordinates District-wide training.

Court Resources

Court Resources is responsible for: developing and monitoring the Court budget; processing personnel actions, including new hires, promotions and separations; maintaining all personnel records; processing the Court's payroll; monitoring employee evaluations; completing the Court's annual Equal Employment Opportunity (EEO) plan; and maintaining the Court's *Personnel Handbook*.

Administration

The administrative functions of the Clerk's Office are handled by the following areas: Information Technology, Systems Integration, Financial Services, Office Services, and Space and Facilities. The services provided by each administrative area are outlined below.

! Information Technology

The Information Technology Division provides automation support for the Court and the Clerk's Office, such as maintaining and developing the Court's automated systems, including: case management system (NIBS), the cashiering and case opening system (ICS), the case file inventory system (RMS), public access to automated case information and other data; webPACER, and, kiosks and computers in public areas.

! Systems Integration

The Systems Integration Division was created to integrate new technology into existing functions. The Division now handles the network, imaging software and hardware, telephone systems, video conferencing system, fixed-asset tracking software (Intellitrack), and personnel tracking software (Abra).

! Financial Services

The Financial Services Department is responsible for the fiscal and audit functions of the Court and the Clerk's Office. This includes such activities as maintaining all financial records of funds received into the Court.

! Office Services

Office Services is responsible for purchasing all supplies and services required by the Court and the Clerk's Office to operate, including consumable supplies, furniture, equipment, forms, and services. For the Los Angeles Division, Office Services also handles the distribution of interoffice mail. The Department is also responsible for maintaining the inventory of all fixed assets owned by the Court. In addition, Office Services coordinates all daily maintenance of court facilities with GSA.

! Space and Facilities

Space and Facilities is responsible for all of the leased office and judicial space in the Central District. This includes ensuring that the current space is adequate to meet the needs of the staff and monitoring all phases of new Court projects from conceptual design and development to the completion and review of construction documents.